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## Savings groups can tackle financial precarity in Goma's woman-headed households

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AVECs are associations that provide credit and savings options for members to expand their small businesses or manage financial shocks. What are the origins, operations and impact of these associations on Goma's low-income women-headed households? Citing their success, Papy Mazuri recommends AVECS formalise and expand across the Democratic Republic of Congo.

*This blog forms part of the [Idjwi Series](#) which results from a writing retreat on Idjwi Island in Lake Kivu, DRC during which regional researchers gathered to present and refine their own research in November 2019.*

*Les Associations Villageoises d'Épargne et de Crédits (AVEC), translated as Rural Savings and Credit Associations, are independent co-operatives*

for small-scale merchants in eastern Democratic Republic of the Congo (DRC). The majority of AVEC members are poor women struggling to navigate the precariousness of daily life in this conflict-affected region, and in Goma the associations are crucial for the survival of their families. These small traders sell fruit, vegetables and items such as flour and oil along the roads, on tables in front of their homes or in kiosks in their urban neighbourhoods (the 'rural' name is in fact a misnomer, reflective of aspirations for expansion outside of urban areas).

AVEC facilitates these women's access to microfinance institutions as a group, and the credit they take allows them to pay their rent, children's school fees and food. It also gives them the opportunity to expand their businesses. To appreciate the importance of these associations is to acknowledge their origins and how they function, the challenges of the lives and livelihoods of small-scale traders, and how membership in these associations improves them.

## How do the AVECs work?

The AVECs were created in Goma in 2007 by CARITAS, a charitable organisation of the Catholic Church that deals with development projects in the dioceses. The aim was to support and help the poor by giving them start-up funds for a small business to be repaid within a maximum of three months. Payments would be made on a weekly basis and the sums paid determined by the committee members.

AVECs are still established by a few people linked by mutual trust, who have known each other for a long time and who help each other. Beyond supporting businesses, members of the same AVEC usually establish a Solidarity Fund which is used to resolve financial challenges related to illnesses, marriages, funerals and childbirths. This fund comes from weekly contributions of between 200 and 500 Congolese francs per member (about US\$0.13 and US\$0.31). The total amount accrued creates a fund to which members are granted access via agreed-upon

associational contributions in times of distress (for example, a set amount per member as a non-reimbursable gift to help with funeral costs) and/or loans reimbursable at a set date. The latter are usually taken from the Solidarity Fund when the contribution is insufficient to cover the costs of the financial shock. Loans from Solidarity Funds are charged at an interest rate not exceeding 10% of the loan value. Repayment periods range to a maximum of six weeks.

Today, however, the various AVECs are grouped together in an umbrella organisation called *Réseau des Associations Villageoises d'Épargne et de Crédit* (RAVEC, the Network of Village Savings and Credit Associations), which coordinates and supervises their activities. Without the co-signature of a representative of RAVEC, an individual AVEC cannot take out a loan with a microfinance institution such as HEKIMA, even if all its members support the decision. RAVEC protects and supervises the members of the AVECs in order to prevent bankruptcy in their various businesses and to maintain their ability to reimburse the credit they take out in the cooperative. Despite the regulatory structure of these associations and their interdependence, then as now, these associations do not have official documents that govern their operation. What has changed is that today their members are women; men only act as co-signers of their wives' loans.

The members of AVEC are generally the heads of the family; regardless of whether these women are married, they support their families disproportionately through petty trade. AVEC gives these heads of households the possibility of weekly debt repayment and access to subsequent loans to continue with their business. Their sole objective is to reach a large number of poor households for their financial self-sufficiency. By having access to loans in this way, women traders are able to withstand shocks such as theft and price fluctuations, and better manage life events such as illness. Some heads of households join in two or three different AVEC groups to try to find a little more means to meet the different needs and expenses of their families.

## Life for women without AVEC membership

For women heads of households who are not members of AVEC, life is much more precarious. The lack of employment for the men pushes their wives to make do with petty trade along the road to escape various taxes, in order to provide for the needs of the household. These activities can result in fines, arrests or imprisonment, difficult (and costly) situations that take time and resources to resolve, during which women and their dependents have no means of subsistence. Children from these households rarely go to school regularly because paying tuition fees competes with having daily meals. The majority of these families live in guards' quarters on others' parcels or in houses still under construction. They usually work as porters, carrying merchandise to the market or between depots.

These arrangements differentiate them from other women who are members of AVECs. They have small shops either in front of their houses, in the streets, or in the small markets in different neighbourhoods. Not only are AVEC members more secure physically and financially, but they are also able to expand their businesses, achieving not only self-sufficiency but also socio-economic advancement.

The benefits offered by AVEC to its members – women heads of households – and their families are evident. These women are predominantly poor and work as small traders in the informal economy, which accounts for more than 70% of economic activity in the DRC.

## Institutionalising AVECs

Formalising or institutionalising these associations into legally recognised entities would enable these associations to be even more effective in improving the lives and livelihoods of the most marginalised members of society, leading to a change in the financial situation of members. Having access to higher amounts of credit would help them to increase their trade, even expanding into other economic sectors, depending on the

resources at the disposal of each member. The protection of investment capital at the state level would lead to social protection for members moving from one economic level to another. This would also encourage the state to create social cooperatives so that other families have access to credit to achieve self-sufficiency. In this manner, the state would be actively promoting the social and economic development of numerous families living in precarious conditions.

Despite their informal nature, officially recognising and strengthening these associations as financial and social protection mechanisms would facilitate survival and progress in the economy. As such, their formalisation could be a key to security and development for those who need it most.

*Photo: A women in DRC carrying vegetables by Axel Fassio/CIFOR, licensed under creative commons.*

### About the author



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Papy Muzuri is an independent researcher and collaborator with LSE's Centre for Public Authority and International Development. Papy holds an MA in International Humanitarian Law from Université St Joseph (USJ/Goma) and a Bachelor's degree in Regional Economic Planning from Institut Supérieur de Développement Rural (ISDR/Bukavu). Previously, he worked for numerous organisations, including the National Commission for Refugees, UNHCR, and the Norwegian Refugee Council.

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